

Message Text

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ACTION AF-06

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R 121415Z MAR 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 1650

INFO AMEMBASSY BRUSSELS

AMCONSUL BUKAVU BY POUCH

AMCONSUL LUBUMBASHI BY POUCH

C O N F I D E N T I A L KINSHASA 2090

E.O. 11652: GDS

TAGS: ECON, CG

SUBJECT: DECEMBER 30 MEASURES -- ROLE OF DELEGATES

GENERAL

REF: KINSHASA A-38

1. FROM DEC. 30 TO MARCH 12 ONLY ACTION TAKEN TOWARD STATE TAKEOVER HAS BEEN APPOINTMENT OF 15 DELEGATES GENERAL AND RECENT EXHORTATIONS BY NATIONAL EXECUTIVE COUNCIL (NEC) TO THEM TO DO GOOD JOB.

2. DEC. 30, 1974 PROGRAM PROMED FUNDAMENTAL REFORM OF ZAIRIAN ECONOMIC SYSTEM, I.E. STATE TAKEOVER. IT REFLECTED DEEP DISSATISFACTION WITH 1973 "ACQUIREURS" WHO HAD ENGAGED IN MASSIVE RIP-OFF OF LOCAL MARKET, THUS CONTRIBUTING TO INCREASINGLY APPARENT GULF BETWEEN REVOLUTIONARY RHETORIC OF ABNEGATION AND REALITY OF MANAGING ELITE'S SOARING CONSUMPTION IN FACE OF CONTINUING DETERIORATION OF PURCHASING POWER OF MASSES.

3. SINCE DEC. 30 IT HAS BECOME INCREASINGLY APPARENT THAT NO ONE KNEW WHAT MOBUTU HAD IN MIND. FIRMS DO
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NOT KNOW WHAT THEIR FUTURE IS. ONLY FEW DELEGATES

GENERAL NAMED AND THEN WITH NP PRECISE AUTHORITY OR INSTRUCTIONS. MOST EVERYONE MARKING TIME AWAITING IMPLEMENTING MEASURES.

4. WHILE PERFORMANCE OF DESIGNATED DELEGATES HAS VARIED ACROSS SPECTRUM, EXCESSES OF CERTAIN INDIVIDUALS (LITHO MOST NOTABLE EXAMPLE) HAVE FURTHER COMPLICATED SIUTATION. TYPICAL ACTS ARE SENSELESS MEDDLING IN COMPANY STRUCTURE, FAILURE TO PAY TAXES, AND RECUR- RENCE OF TRADITIONAL PENCHANT FOR LARGE CARS AND FANCY OFFICES.

5. SUCH ACTS LET TO BLAST BY EXECUTIVE COUNCIL ON FEB. 27 IN GUISE OF INSTRUCTIONS TO DELEGATES GENERAL. IN ADDITION TO SPELLING OUT THAT STATE TAKEOVER WOULD BE COMPLETED BY MARCH 15, THE INSTRUCTIONS PURPORTEDLY REMOVED FROM DELEGATES GENERAL SUBSTANTIAL DECISION-MAKING AUTHORITY. THEY WERE ENJOINED FROM HIRING, FIRING, REHIRING, SETTING LEVEL OF OWN SALARY (SPECIFIC AUTHORITY FOR THIS JOB GIVEN TO STATE COMMISSIONER FOR FINANCE) OR GRANTING THEMSELVES HOUSING ALLOWANCES, CARS OR OTHER ADVANTAGES.

6 LATES EXHORTATION, REINFORCED BY SUBSEQUENT GOZ- INSPIRED EDITORIALS, CAME AGAIN FROM NEC ON MARCH 8 URGING DELEGATES GENERAL AND OTHER MANAGERS TO MAKE HABIT OF SOUND MANAGEMENT AND FISCAL RESPONSIBILITY. NEC SAID, "ZAIRIANIZATION IS NOT SYNONYMOUS WITH ANARCHY, KIMINUTION OF PRODUCTION, ABSENCE OF PROFITS NOR WITH VERY FAILURE OF THESE ENTERPRISES... MANAGERS OF THESE ENTERPRISES WILL BE JUDGED BY THEIR CAPACITY TO MAXIMIZE PROFITS..AND BY THEIR RESPECT FOR FISCAL OBLIGATIONS (PAYMENT OF TAXES, SOCIAL SECURITY CONTRIBUTIONS AND BUSINESS DEBTS)." NEC CHARGED DEPARTMENT OF FINANCE WITH CONTINUED AP- PPLICATION OF TAX REGULATIONS, ESPECIALLY VIS-A-VIS ZAIRIANIZED ENTERPRISES, AND CLOSED WITH REMINDER THAT "EVERY OMISSION OF FISCAL NATURE WOULD ENTAIL SANCTION FORESEEN BY LAW." CONFIDENTIAL

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7 COMMENT: WE HEARD THAT IMF POINTED OUT DURING RECENT VISIT NECESSITY OF RUNNING ZAIRIAN FIRMS ON BUSINESSLIKE BASIS, PARTICULARLY EARNING PROFITS AND PAYING TAXES ON THEM.IF THIS WAS PRIMARY MOTI- VATION BEHIND MOST RECENT EXHORTATIONS, THEN MORE OPTIMISTIC CONCLUSION RE FUTURE OF STATE SECTOR MAY BE JUSTIFIED. IF, HOWEVER, NEC AND MOBUTU MERELY

REACTING TO CRITICISM FROM MARKETPLACE, THEN SCENARIO
MUCH LESS PROMISING. END COMMENT.
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